

CHARLES T. CROWDER

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FEBRUARY 20, 1958.—Committed to the Committee of the Whole House and ordered to be printed

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Mr. ASHMORE, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H. R. 1283]

The Committee on the Judiciary, to whom was referred the bill (H. R. 1283) for the relief of Charles T. Crowder, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of the proposed legislation is to pay Charles T. Crowder of Suffolk, Va., \$5,948.69 in full settlement of his claims against the United States based on losses he incurred as a result of his failure to include an amount equal to the Virginia gross receipts road tax in his bids for Post Office Department star route contracts.

STATEMENT

Mr. Charles T. Crowder as a star-route contractor is engaged in the transportation of United States mail. Contracts for the transportation of mail over these routes are awarded on the basis of competitive bidding. Contractors who have been handling the mail over a period of years have a considerable investment in equipment, and therefore try to submit bids stating a sufficiently low figure so that they can retain the contract. In this case this fact is significant because Mr. Crowder had submitted his bid without realizing that he would have to pay a Virginia gross receipts road tax on the operations under the contract.

In 1951 the State of Virginia passed a "gross receipts road tax law" which provided that trucking concerns would be required to pay a tax of 2 percent of their annual gross receipts. As originally enacted the law did not apply to carriers operating less than 3 motor vehicles, nor did it apply to those whose annual gross earnings were less than \$5,000.

However in 1952 that law was amended to apply only to those operators whose gross yearly earnings were in excess of \$5,000.

From the evidence presented to the committee it is apparent that Mr. Crowder did not realize that the tax was due the State on the gross receipt of money. His understanding was that the tax related solely to profit, if any, realized from the operation. As a matter of fact the information supplied the committee shows that Mr. Crowder was operating the routes at actual cost.

Mr. Crowder did not pay the tax and subsequently was advised that his deficiency amounted to \$5,948.69. Had he contracted for the transportation of the mail with the realization that he would have been so assessed he could have reflected this in his bid.

The Post Office Department has submitted a report to this committee in which it indicates that it will interpose no objections to the enactment of H. R. 1283 granting Mr. Crowder relief under these circumstances. That report shows that Mr. Crowder unsuccessfully challenged the imposition of the tax by taking the matter to court. The report also indicates that there is no way in which an administrative adjustment of Mr. Crowder's compensation can now be made by the Department for the fiscal years of 1951 through 1955. It therefore appears that legislative relief is his only recourse.

This committee has carefully considered this matter and has concluded that this is a proper case for legislative relief. The Government has benefited as a result of the low bid submitted by Mr. Crowder, and it is only just that he be compensated for his losses under these circumstances. Therefore this committee recommends that the bill be considered favorably.

The committee has been advised that an attorney has rendered services in connection with this claim and the bill therefore carries the customary attorney's fee proviso.

POST OFFICE DEPARTMENT,  
BUREAU OF THE GENERAL COUNSEL,  
Washington, D. C., August 13, 1957.

HON. EMANUEL CELLER,  
*Chairman, Committee on the Judiciary,*  
*House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to the request for a report on H. R. 1283, a bill, for the relief of Charles T. Crowder.

Records of this Department indicate that, in 1951 the State of Virginia passed a gross receipts road tax law which provided for payment by trucking concerns of 2 percent of their annual gross receipts. Originally the law did not apply to carriers operating less than 3 motor vehicles, nor to those whose annual gross earnings were less than \$5,000. However, in 1952 the law was amended to apply only to those operators whose gross yearly earnings were in excess of \$5,000.

Mr. Crowder and other star-route contractors in Virginia were either unaware of the law or assumed that they were exempt from the tax. The State of Virginia took no action against any of the contractors for tax delinquencies until 1954.

Mr. Crowder did not pay the tax. Instead he took his case to the courts where he exhausted all of his appeals, including one to the United States Supreme Court. He thus became liable for back taxes.

and penalties levied by the State, which are estimated to be approximately \$5,000 for the fiscal years 1951 through 1955.

After being advised as to Mr. Crowder's tax difficulties, this Department adopted a policy of adjusting the contractor's compensation for tax losses from the beginning of the fiscal year in which the application for adjustment was made. Mr. Crowder did not make such application. If he should now request an adjustment of his compensation, it could not be granted under this policy for the fiscal years of 1951 through 1955.

As Mr. Crowder entered into all of his contracts with the Post Office Department before the law was amended to make him subject to the tax, and as this Department cannot grant him relief, no objections will be interposed to the enactment of H. R. 1283.

While the Bureau of the Budget advised that there would be no objection to the submission of this report, attention was directed to the attached report of the General Accounting Office.

Sincerely yours,

ABE MCGREGOR GOFF,  
*General Counsel.*

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